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PRESIDENT HINES: Distinguished guests,  
ladies and gentlemen, I present His Excellency, the  
Governor of the State of Wyoming, Dave Freudenthal.

GOVERNOR FREUDENTHAL: Good morning.  
Please. Thank you. Thank you.

Mr. President, Mr. Speaker, members of the  
60th Legislature, and the citizens of Wyoming, I  
appreciate this opportunity to speak with you today.

Yesterday I came up through the back way to  
watch the administration of the oath of office in the  
House. Each time the session convenes, I either go to  
the Senate or the House to watch because I think the  
oath of office one of the most remarkable things in a  
representative democracy.

There's that quintessential moment when the  
shallowcies of politics and elections reside, when  
suddenly the oath is administered, and before God and

our fellow man we all swear to uphold the Constitution, the state, the law of Wyoming and implicitly acknowledge our responsibility and try to figure out what is the right thing to do. It is at that point where we go from simply being in pursuit of votes to in pursuit of the right outcome for the state of Wyoming, recognizing that we are a representative democracy and that we try to represent our constituents, we try to make sure we're representing the best angels of the spirit of our constituents.

So I thank you for that opportunity. I congratulate all of you for being here.

It is a remarkable...troubling and challenging time, not only in the United States but in the world, and hence, in Wyoming. In the last six months, we have watched the remarkable decline of the national economy, the state economy, individuals, corporations and the people of the world.

In that context, the world has lost nearly 30 million -- \$30 trillion of wealth. The United States alone has lost \$7 trillion of wealth, the greatest loss of wealth to occur in this country or this world at any time, including the Great Depression.

This national recession is going on, and we

are not immune. We have a false sense of immunity in Wyoming. The individuals don't, but the data suggests that there is. The individuals in this state, just like around the country, have watched their personal wealth decline, have watched their retirement plans be modified, are watching their children enter a job market that is far tighter than it has ever been, are sitting patiently watching as we begin the decline of real estate values in Wyoming.

This morning in this morning's papers you saw another set of layoffs in Wyoming. There have been layoffs throughout the state. And I believe that it is going to get much worse before it gets better.

Wyoming has historically been a state that enters a recession late and exits a recession late. And that pattern is being repeated in Wyoming today. And as you know from talking to your constituents, or looking at your own investment accounts, it is a very real issue in Wyoming, and it will continue to be that.

Whether people are still employed or not, they're finding their hours cut, less overtime available. What used to be two-income households are now one-income households.

And you can see it beginning to have its

effect on governmental services. Medicaid numbers are beginning to rise. The traffic at the Department of Workforce Service centers has probably doubled, at least anecdotally it has probably doubled what it has been in the past, and we expect that to continue to rise.

And so we arrive here today with a set of mixed messages. The data says we have the lowest unemployment rate in the country in November, and yet if you're the one who is unemployed, it is more than just a number.

I was in a meeting the other day with a friend of mine, and at that point she offered the observation that she had gotten a call the night before from her child who had been laid off. Her son lived in a different part of the country, and yet the implications for her and her budget and what she needed to do were severe.

So as we stand here today, we need to understand that this is the beginning of a difficult period, not the end of a difficult period, and that we are not immune. And we face this uncertainty in the context of very mixed messages from the citizens.

Not recently there was a set of stories where it was acknowledged that the population in

Wyoming had increased by 9,000 people. Off of a base of 523, we went to 532.

The response to those stories absolutely amazed me. The response to those stories from a substantial part of the public was, "What do we need these people for? Let's send them back. Where did they come from? They weren't born here." Nine thousand people, a growth rate that this state had longed for for decades, when all of us campaigned, including me, everybody said, "I want growth. I want things to happen in this state," and then all of a sudden when it does, we find the body politic, a set of citizens, who say, "What is going on? What are these people doing here? Why are we trying to accommodate them?"

I would argue that in the context of representative democracy, that those are messages that we need not represent in our public life. They exist, but they should not be our guiding principle.

As elected leaders, our responsibility is to make sure that growth continues, that growth occurs, and that we take care that the proceeds, the revenues from that growth are properly invested in the economy, that it remains an issue in this state, and I encourage you to disregard that thought and to

concentrate on what the future can be.

The other change that's occurred -- not just population, but the other change that's occurred to make our life more uncertain is this change in revenues. If you remember, in July when oil was \$150, and people were talking about surplus, billion, billion two, billion five, huge numbers, so the interim committees were out working, putting together proposals that contemplate those kind of revenues, dare I say the agencies were creating budgets that contemplated those kinds of revenues, and then when the revenues were finally projected in October, suddenly there was this drastic decline to 900 million, \$900 million.

And at that point I remained skeptical that \$900 million was there. They projected the price of oil at 75 bucks. I wasn't confident of that and did not budget to that number, budgeted to what I thought was a safe number of 440 million.

Well, in a matter of less than three weeks from the time I submitted my budget, it became clear that that was not a safe number, and so in January you had a new set of budget projections of \$259 million, \$259 million, when in July we thought we were looking at a billion or a billion and a half of revenue

available.

So we arrive here with a little unease with regard to the quality of the projections. We also arrive here in the context of having had a set of expectations that were built up not only within this body and within the executive branch of government, but a set of expectations that were built up in the public and in the interest groups about what we were able to fund and what we might be able to do.

So each of you, much in the same position that I am, are telling people, "No, we're not going to fund it," and they're saying, "But in the summer you said you thought you could."

There's a real issue, I think, getting people to understand that the expectations have changed so dramatically, not just for individuals, but also for the government. Many good ideas have fallen. They've been taken out of the budget. Many good ideas that have been offered by the interim committees will also fall. Individual proposals will fall.

I early on supported and continued support but know that it won't happen -- just by chance it happens to be in Thermopolis -- but there was a Wyoming, Big Horn Basin Discovery Center that they hoped to build. I remember being in my home town and



said, "You bet" -- this was early in the summer -- "I think there's revenue. We can take a look at that." Now I have to call my county commissioner friends and say, "Never mind, the world has changed."

I suspect my circumstance is no different than yours. These ideas that we had and the hopes that we had are simply not going to come to fruition.

And so we all enter into a state of grieving. Remember that the phases of grief are fairly well outlined, and just a couple of them are most applicable to us.

First, there's shock and denial: Surely the CREG is wrong. Surely it is not correct. And eventually we accept that it is correct.

Then we move on to anger. And anger is probably the most difficult part because we begin to look for somebody to blame, whether it is our fellow legislators, legislative branch that I can blame, or you can blame the executive branch. But we go through this process of saying, "I may have to accept it, but I don't have to accept responsibility for it." And it is compounded by telling constituents no to things that four months ago we were saying yes to.

This question about blame and anger is particularly dangerous in the context of politics.

George Washington in his farewell address in 1796 warned about the problems of factions of politics that, in fact, is an incredibly dangerous thing, and I think in this country today we would do well to heed his admonition.

Washington observed the following: "I have already intimated to you the dangers of parties in the State and warn with you in the most solemn manner against the baneful effects of the spirit of party generally. The common and continual mischiefs of the spirit of party are sufficient to make it the interest and duty of wise people to discourage and restrain it."

Recognizing as Washington did that there is a role for politics, he also put some sideboards on it. He described politics and faction as a fire not to be quenched, but it does demand a uniform vigilance to prevent its busting into flame, lest, instead of warming, it should consume.

Politics is a way that we organize the discourse; it cannot be a way that we control the discourse.

Why do I bring it up? This is the first session for most of the people here in which you're actually going to have to make some really hard

decisions about budget, hard decisions that have to do with saying no in a way that we've never had to say it before. In prior years we would say, "No, not this year. Maybe next year."

This year we may be compelled to say, "No, and maybe not for a long time."

The recourse, if it turns out to be that we choose to say it is the legislature's fault, or the governor's fault, or one party or the other party's fault or one faction within a party's fault, we will end up with an incredibly unproductive session. So I hope that we can move quickly to the other stages of grief, which is working through it and then acceptance and hope.

But, before we conclude that the sky is falling, let's just take a brief look back. The year I was first elected in '03, the projected number for the price of oil was \$18. The price of oil in these current projections which we find so dismal is 40.

In '03 the projected price for natural gas was \$2. Today in these projections we're operating on, it is \$3.75.

And for coal in '03 it was \$5.90, and in these projections it is \$11.06.

Now, these comparisons don't change the fact

that we have less funding available than we thought we had. Bear in mind that we are still in remarkably good position relative to other states.

So when I approached the budget, the supplemental budget, both my original recommendations and the second set of recommendations, I kept a couple things in mind.

One is the strategy that's been adopted over the last few years remains basically sound. We need to address the accumulated problems that arose in the state during the last several decades when there was no money.

Secondly, we set about an effort to invest in efforts to build Wyoming's future. Whether it was on clean coal, whether it was building roads or looking at schools, we invested in those, treated them as one-time expenditures, but invested in them.

The third principle was that we limited ongoing expenditures. If you look at the base budget for this biennium, there's in excess of a billion dollars of one-time expenditures in that budget, the billion dollars in the standard budget that we do not have to repeat if the economic circumstance continues, so we remain basically, I think, sound of course and need to move forward.

Now, the second thing that guided me was that we are looking at these expenditures based on an incredibly substantial two-year budget. It was a generous budget that was adopted last time, and so when people come to you and say, "There's no money for my program," I would encourage you to look at the underlying budget before you accept that argument.

Couple of illustrations. In the area of mental health and substance abuse, funding has gone up 135 percent in the last few years. In the area of developmental disabilities, the funding has gone up 35 percent. And in the area of education, my calculator was insufficient to reach that number, but it has gone up immensely.

We are not being asked to do more with less. We are being asked to do more with less money than we expected. If you have any doubt of the enviable circumstance that we're in, call one of your peers, call someone else around the country in any one of the 43 states or 44 states that are looking at amazing budget cuts. I emphasize this in part to you, but in part to the citizens of the state to understand that there is not funding available, that there are not needs that have been left unaddressed.

We may not be able to fund every request.

And I know from my correspondence since I did my recommendations that there are significant reservations about our failure to fund some of these requests. But I urge you to be careful.

And it is not that we're broke. There's funding out there, and we could -- we can eventually -- if we have to, we can change the diversion of the additional 1 percent of the severance tax or the governmental trust fund. We don't need to do that. We shouldn't do it. And we can contemplate it and they have done it in the past. There are revenues available. The fact that there are revenues available does not mean that they need to be spent.

So what was the guiding light on my recommendations? I emphasized finishing the capital construction, staying on that course. Money for highways, airports and some things that impact the economy to make sure that we create jobs. It is my view that that capital construction funded by the State scattered around the state creates jobs, stimulates the local economy and adds revenues.

There's also within this budget \$900,000 that is designed to do very targeted advertising to help maintain some semblance of normality in the tourism sector. The tourism sector is not only

important for that sector itself, but it is important because it may be the one source of additional retail expenditures for many of the stores, cafes and other operations in Wyoming.

So I encourage you to look upon that as an asset to the economy.

Second thing, I think we need to address some accrued obligations. And one of those obligations is the actuarial shortfall in the retirement account as it relates to accommodating the significant increase we made in teacher salaries.

It is really pretty simple. Teachers paid in for many, many years at one salary rate. They eventually retire at a salary rate that is based on the increase in salaries that we have offered and put into the system over the last few years because their retirement is based on their highest three years of salary. That has created an actuarial shortfall in the retirement account in being able to maintain the defined benefits for the educational community.

I have allocated \$150 million to go into the auditor's office to be available -- to be available to make sure that we can eventually fund that. I do not support putting that money into the retirement account today because I think that, based on the audit that

was prepared, we need to examine the accuracy of those numbers and to make sure that it is correct.

The other thing I set about doing was trying to move forward the agenda on some things that we had already started. Most notable in that is the opening of the new facility at Torrington. Many years ago we collectively made a decision that we would rather house prisoners in the state than out of the state. The decision was made to build a prison at Rawlins -- or at Torrington. I know they wanted it at Rawlins, but we built it at Torrington, and it was built at Torrington. We are now at the stage where we need to open it, make use of it and bring the prisoners back to the state.

I know that it is a significant impact on the budget. It is 158 employees, 158 added employees associated with the opening of the facility at Torrington.

I also included in the budget not a great deal of funding for local governments, but there is one fund that we need to complete, and that is some money for Wamsutter. It is three and a half million. The reason that it is in the budget is that we have a corporate match for those funds available to us if we follow through. We made a commitment that we would



try to fund that. It is an area that needs the assistance, and I would encourage you to do it.

I also have funded a recommended funding for the Gillette water project. I did that not because the president of the Senate is from Gillette, but because it is a project I've supported for some time. It is a relatively modest amount, around \$11 million, but it is enough to keep that project moving forward, and hopefully that will happen.

But the other thing I had to do in this budget was forgo some things that are near and dear. Took all of the funding out of the Wildlife Trust Fund, took the funding out of the Library Trust, took the funding out of and removed funding that was recommended for the Cultural Trust Fund. It seemed to me that I can't stand in front of you and ask you to forgo your particular spending proposal if I don't demonstrate some restraint on my part. Those are projects that are near and dear to me, but they simply are not within the reach of the budget.

Let me illustrate generally what the budget looks like. I will do it using the Military Department. In the context of the Military Department, there were some things I funded and there were some things I didn't. I asked for an additional

million dollars for the effort that has been underway for many years for us to have funds available to assist the families of the deployed soldiers.

That million-dollar calculation is based on the fact that come a couple months from now we will have the single greatest deployment of Army Guardsmen that has ever occurred in this state's history. We will have approximately 950 soldiers who will be deployed, and once they are deployed, their family members may have some needs that we should meet.

Within that context, I did -- I did the million dollars as new funding. Arguably you could have taken that out of the corpus of the military trust fund. I would argue that we leave that corpus alone and that we fund this out of current revenues.

I also funded vault and casket handling equipment. You can look at that line item and say, "You know, we really don't have to do that." In that sense you're correct. We could continue a practice in which the caskets of our veterans are moved about by a backhoe. I find that completely unacceptable, and I would ask for funding to make sure that we handle that the way that it should be done, not the way that we're doing it today.

And lastly, I've asked for funding for a

World War II Memorial in Cody. Again, you can say, "We don't have to do it. World won't end if we don't." But Wyoming is a better place if we do.

Why are we doing it? Two reasons. One is based on some data, not this year, but within the last few years, Wyoming has the highest per capita number of World War II veterans of any state in the United States. We are losing our World War II veterans at an astounding rate. And I believe that we should build a Memorial, place it in Cody and have it done while it is still meaningful to the remainder of those veterans.

The issue with regard to the families of the military deployed, we need to understand that Wyoming is probably either first or second on a per capita basis of the number of people who sign up and go to military service in the country. Arguably you could say we're fourth depending on how you like the data, but since I'm Governor of the State, the data is going to say what I want it to say.

But it is important that we recognize the contribution that these men and women make and the contribution that their families make by living through the deployments, and I encourage you to support it.

In that context, we're joined today by some representatives who I would like to introduce of the military. One is Major General Ed Wright, Adjutant General.

We have Colonel Rich Knowlton, Commander of the 115th FIRES Brigade; Command Sergeant Major Kenton Franklin of 115th FIRES Brigade; Colonel Dennis Grunstad, the new Commander of the 153rd Airlift Wing; Chief Master Sergeant Tom Loftin. Ladies and gentlemen, these represent wonderful soldiers.

(Applause.)

GOVERNOR FREUDENTHAL: I know that the Military Department sends out notices to each of you to give you the time and date and location of the deployments. I would encourage any of you who are able to participate. It is my experience that they are okay if we're there at the deployment. When you return it is okay if you're there, but they don't want to spend a lot of time with you. They would rather be with their family. But I think that if we can show that kind of support, we should continue to do it.

In the context of restricted budget, I will tell you there are only two legislative measures at this point -- because I haven't seen everything that's been introduced -- there's only two legislative

measures with funding that I am supporting.

Those two measures are the First Children's Finance Program and the Health Reform -- Healthcare Reform Pilot Project. I have identified sources within the current funding stream that I can offer up in order to fund those and am not asking for additional General Fund consideration. I hope that this body will give each of them some serious deliberation.

The First Children's Finance Program is our continuing effort to try to address the lack of available child care in Wyoming. I know that you hear from your constituents, just as I do, that one of the most serious issues in the state is the absence of available child care. I believe this is a constructive way to address part of that problem.

The healthcare Reform Pilot is a much improved version of a bill that made it from the Senate over to the House but didn't quite make it out last session. It is much improved in two ways: I think it is a clearer statement with regard to the responsibilities of the individual and the role of the State and the role of the employer, but it is also substantially less expensive than the last time we offered it through.

I understand the reticence people have with regard to trying to do anything in the healthcare area. We have watched States throughout this country who have adopted healthcare programs on a broad base and have found themselves financially unable to fund it.

This is why I support a fairly narrow pilot which emphasizes individual responsibility for their health, emphasizes additional time with the patient and the primary care physician, tries to make that a financially workable circumstance and is intended to bridge that gap so that people can eventually move to a private insurance market, understanding that I'm not sure whether this will work. I believe it works. It has the correct principles. I encourage you to adopt the pilot. If the pilot works, it has some potential going forward to help us address issues of insurance availability and also to help us address the general cost of healthcare.

I have become convinced that the only way we're going to actually address the spiraling cost of healthcare is to begin to place more responsibility for the management of our health on us as individuals. We have a history in this country of essentially saying, "I don't worry about my health. I don't worry

about what I eat. I don't worry about what I smoke. As soon as I get unhealthy, I will go to the doctor and he will cure me."

There's two things wrong with that: One is it doesn't work because not everything is curable. And secondly, it is a huge expense.

I believe that one of the things we have to do not just in this state but in this country is to figure out a way for us to deal with the demand side of healthcare and begin to take more responsibility for our own health.

Some bills that do not have General Fund impact that I would commend to you are the four carbon sequestration bills. This State has established itself in a leadership role with regard to carbon sequestration. These bills will move us further in that direction. Is it perfect? Probably not. We may back over the years asking for additional changes, but it is important, particularly as we move forward in a carbon-constrained world, that Wyoming take a leadership role in making sure that carbon capture and sequestration can be done.

Workers' Comp. Workers' Comp has been looked at by the Interim Committee. I'm generally comfortable with the bill. There are a couple things

in the bill as well as a couple other measures floating around with which I do not have quite the high degree of comfort.

I'm concerned that we make sure that any cost-of-living increases that we integrate into this process have a cap; that it is one that is identifiable; that we make it a circumstance where we can make them being actuarially calculable.

Secondly, I am concerned about the proposition that we would open up this Workers' Comp program too broadly with regard to mental health and mental illness. If you decide to go on that course, I encourage you to make it as narrow as possible. Let's start gently into that area to make sure that we have some sense of the actuarial implications to the employers in this state.

When people suggest to you that really it is the Workers' Comp fund, it is not real money, we can just take it, remember the source of all of those dollars are the employers in this state, and I encourage you to be thoughtful and narrow.

I do support changing the death benefits and some of the other things. We, frankly, should be embarrassed at the current levels. They haven't been looked at in 25 years, and I think it is time that we



increase those. But I urge you some caution with regard to the other measures.

I also support what is called the Court-Ordered Treatment Bill. I bring it up because this may be the first time since I've been here that the Chief Justice will not get up right after me and say, "We don't support it." In that context, we previously talked about problem-solving courts and drug courts, and usually I get up and make the pitch; Chief Justice gets up and says, "We don't support it," and it dies.

This time we bring to you a compromise bill, frankly, largely drafted, and I want to commend Chief Justice Voight for his efforts, a compromise bill that I believe addresses people's concerns, but also recognizes that we have a set of courts out there, and we need a structure in which they're going to operate. I encourage you to take a serious look at that.

I would also ask that you consider removing the sales and tax use -- sales and use tax exemption on wind energy projects. I've heard from any number of county commissioners that they are dealing with the impact of the development of wind energy, and they have no revenue.

I acknowledge that it is appropriate for me

to ask because I asked you to put the exemption in in the first place. And we did that because we wanted to signal that Wyoming is ready for business, particularly with regard to wind energy.

I would say that we have succeeded. More importantly, the driving force behind the development of wind energy is not an exemption from the state sales and use tax policy, is the federal production tax credit. The federal production tax credit is the incentive that causes it to be created. There is little or no revenue that accrues to the counties in the jurisdictions where they're located, and I believe it is appropriate at this time, recognizing the underlying strength of that industry as afforded by the federal production tax credit, that the state end its indirect subsidy of that business and we allow that business to prosper, as it will, unaided by the state's tax policy.

Couple other issues I want to talk about. There's some stuff running around here about gambling again. I wanted you to know that I haven't changed my position on it. I don't support it. I have said and I stand by my commitment that if I get a nice, regular PowerBall bill, I've said I will support that. If it has some of the additions with regard to InstaRace and

some of the other items that I think move us much closer to gaming as opposed to PowerBall, I hope that you will not send that bill to me.

I've read the Constitution. I know what I can say and what I can't say.

I also am mindful that there will be another proposal that will be brought to you that will originate in the House that we again give the voters a chance to take a look at a tort reform amendment. I would encourage you to debate that and pass it to the voters and let them take another look at it in 2010. The issue I know has been before the voters before. I believe that it remains an issue for which this state still continues to search for a solution. I believe that we should give the voters the opportunity to pursue that measure and decide whether they want to adopt it or not. It is a slightly modified measure than measure that was offered to the voters before, and I would commend it to your deliberations.

There are also a series of bills that I view as simply telling people how to run their lives and how to run their businesses. I would encourage you to be cautious. The fact that the government may have power over people and over their businesses doesn't mean that we need to exercise it. Sometimes the best

use of power is to leave it unused.

I would commend to you the thoughts of Barry Goldwater. Mindful that the majority of you are of his persuasion, I have decided that I will speak to you from the "Book of Goldwater."

Goldwater spoke of traditional conservatism and said the following: "The positive role of limited government has always been the defense of these fundamental principles. The conservative movement is founded on the simple tenet that people have the right to live life as they please as long as they don't hurt anyone else in the process."

That was good wisdom then, and it is good wisdom now. When I look at some of the proposals, I hope that you have other things to occupy your time.

I want to commend the Senate President for some things he said yesterday that I read in the paper, asking some fairly serious questions about education, about juveniles, about some of the programs we're doing.

The question of juveniles is one that we will continue to address over the next few years. I would encourage you to create an interim committee which will look at this question of facilities, but needs to look at it more broadly.

When it comes to juveniles, there are four things we need to think about: We need a single point of entry into the criminal justice system for youth that are charged. Right now we have multiple courts, multiple systems and multiple entry points.

We need an immediate and comprehensive assessment tool, some form of a tool that assesses what is the right disposition of this juvenile in the circumstances they're under.

We need a community-based system of care, and that includes diversion and it also runs the gamut to secure detention.

Having once assessed what's the proper outcome for a youth, we need to make sure we have the facilities available going forward.

And then we need a data collection system. This question about the data with regard to juveniles, again, suffers from disparate data sources, difficulty in comparing them, and how do we act on the information to develop policy.

I hope that you will take this opportunity to have some form of interim committee, hopefully a standing committee, take a look at this issue going forward.

So if we don't have a lot of money to spend,

we have a relatively limited number of bills, although I see they're increasing, what is it that we should do with our time as we spend these 40 days together?

There are a number of these proposals that are good proposals. They're just not going to be able to get funded. We just can't afford it. We shouldn't afford it. We have time though over this time in the session as well as going forward to refine those proposals, think about them with a little more care. It doesn't hurt to follow the old carpenter's rule about measure twice and cut once. I think it applies to legislation as well as anything else. So let's use that time.

And as you do that, please think about what it is we're trying to accomplish with a given piece of legislation. There's a sort of notion somehow if you don't pass something, you've failed as a legislator. I will tell you that I've come to the view in my old age that maybe the best legislators don't pass anything. The stuff in the statute books is confusing enough as it is. It wouldn't hurt us to repeal a few and pass a lot fewer.

Think about what it is you're trying to get done. More importantly, think about what is this, this evil that you say you're out to remedy. We have

chosen to turn everything into a felony.

I notice in the proposed immigration bill that harboring, we're going to turn it into a state felony. What that means is county attorneys will have more cases to prosecute, the Torrington prison will fill up faster, and the only burden we're meeting is a burden that legitimately belongs with the federal government.

The absence of the federal government solving a problem doesn't mean we ought to step up and spend a lot of state money addressing one more federal issue that they haven't handled. We do enough of that. Maybe there's another way to address the issue.

I'm comfortable on immigration when we say we don't want illegal immigrants taking advantage of state assistance. When we begin to move the next step, which is to fill the void left by the federal government, I get nervous because it is going to cost us money, and, for one thing, it seems to me that we ought to calculate that out before we start down that road.

I would also encourage you in this process to look at what I call the inherent budget drivers. We have within this system -- and each of the jurisdictional committees can take a look at it. We

have within the system a series of statutory language that forces expansions of the budget. One of the areas in which that occurs most often is in the Health Department. Immense number of programs over there which we say we will adjust it every year or every three years. We are getting ourselves into the position where we have obligated ourselves to fund things, and we have lost the control that the legislature keeps telling me they want of the purse.

For instance, when I came in, I wanted to do away with the legislative earmarks -- to re-establish legislative earmarks so that local governments could get more money. I was told that no, legislature doesn't want to re-establish earmarks because we want to control the appropriations. So you've gained control of the revenue stream coming in, but you have lost control of the revenue stream going out by virtue of the number of statutory formulas that now become automatic inclusions in the executive branch budget.

We have this lull in revenues. Let's take advantage of that to try to figure out whether we're doing the system correctly. The fact that we don't have more money doesn't mean we shouldn't be thinking about are we spending the money we're currently spending properly and are we doing it in a way that is



rational.

Perhaps the largest area in which that occurs is K through 12 funding. I realize I'm not the constitutional officer charged with the supervision of education. That properly belongs under Article 7, Section 14 with the Superintendent of Public Instruction. But I will tell you in my role as Chief Budget Officer I have been responsible along with you with finding the money and increasing the funding. And we have done that.

Wyoming ranks first or second in nearly all of those ratings in terms of the funding effort. And then it falls off. Whether it is test scores or matriculation or it is dropout rate, we are in a position where the only A we get on the report card is for funding. And after that it drops off, and it drops off dramatically.

The driver of that is the school funding formula where we have picked up a wide variety of things that people hoped would work and would be part of the funding formula and would be part of the school system. We have the opportunity now to go back and look, are we making the right investment?

It is not my intent to supersede the authority of the superintendent of public instruction,

but to -- and we have spoken of this -- but to try to work with him to begin to ask these questions in a systematic way.

The best statement of policy about what it is this state wants to accomplish with K through 12 education is found in the statutes for the State Board of Education. In essence, it says the State, its goal, is to provide students an opportunity to acquire sufficient knowledge and skills at a minimum to enter the University of Wyoming and Wyoming community colleges, to prepare students for the job market or post-secondary, vocational and technical training and to achieve the general purposes of education -- of an education that equips students for their role as citizens and as participants in the political system and to have the opportunity to compete both intellectually and economically in the society.

I believe that we are placing funding at a high enough level that that goal should be achievable.

I encourage you, particularly the Joint Education Committee, to adopt a working ethic along with the superintendent that we begin to try to figure out how it is that we are spending money at a level that gets us an A on the report card and all the rest of the grades are not grades that we would want to

take home to show to our parents.

It seems to me that we have questions that need to be asked, and they need to be asked now before we move into the recalibration of the school financing formula.

Having painted that rather grim picture, I want to tell you about a part of the budget that I'm most enthusiastic about and hope that it will remain as it is.

As you know, thanks to Senator Enzi, we have been able to obtain a significant amount of the abandoned mine land funds the State has been due for decades and we have now begun to receive those. We began with that program by isolating those funds and dedicating them to building the energy and environmental future of this state. It has funded coal gasification, coal -- clean coal technology research. It is looking at carbon capture and sequestration.

There's a big chunk in that budget to finish out our partnership for the coal gasification facility that is being done in conjunction with the university and a major industry. There's a chunk of that budget which is dedicated to trying to understand what it is that is creating the air quality issues with regard to

ozone in southwestern Wyoming.

I encourage you to leave that funding there. If we do not sort out this ozone question and get a better understanding of what is going on, our ability to continue to produce natural gas at the rate that it is being produced there will be severely restricted.

I encourage you to remain committed to a budget that invests in the future of Wyoming and particularly in its energy and environmental future. I emphasize that because I, like a number of you, have been approached by people saying, "Look, let's not do that this year. This year let's take the AML money and spend it on," and fill in the blank, whether it is a project in Gillette or social services or something else. There's a lot of pressure to take what is fundamentally our key investment in the energy and environmental future of this state and use it for other purposes.

Please, please, please, with all deference to the other needs of the present, let us remain committed to a course that invests funding in the future of this state.

You know, the circumstance we find ourselves in is one of uncertainty, one of serious challenge, so I go looking for places, where do we find advice? We

all know Albert Einstein, one of the greatest minds to ever grace the world. A mind of his quality came up with a very simple set of advice which he sent to his son in a letter.

He says, "Life is like riding a bicycle. To keep your balance, you must keep moving." In Wyoming, for us to keep our balance, we must keep moving.

There's a tendency in times of uncertainty, in times in which we're not quite clear what the future is going to bring, to recede into an area of comfort and inaction. I would argue that there's nothing worse we could do for the citizens of this state.

The more Western way to say what Einstein had to say is it is time for us to ride out the storm. Those of you who have been out moving livestock know what I've talking about. You're out there and you've got a job to do, and here comes a summer storm. Not time then to forget the livestock and head to the barn. It is time to ride out the storm, get the job done, and finish your task.

We are indeed in a storm. The storm is going to affect this state and this country and those that we love, and those that we don't know. The only thing we can do is to stay focused, stick with the

underlying agenda, limit our expenditures, take advantage of the opportunity to review how we're spending money and become much more focused about the future.

It is important because, as Senator Joseph Carey said, "Each generation should be willing to leave after it more than it finds at its beginning. There would be little left in the world for any of us if the policy had been for one age to exhaust and destroy and leave but little to the succeeding. We owe it to the present, we owe it to the future to heed the admonition that our greatest obligation is to leave more behind after we have been here than was here when we arrived."

Ladies and gentlemen, I look forward to working with you. I look forward to hearing from the citizens of the state about the budget. God bless you and Godspeed. Thank you.

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